



TECHNICAL ASSISTANCE FUNDING PROGRAM

PROCEDURE MANUAL

Introduction

This Procedure Manual provides an overview of the State Water Resources Control Board's (State Water Board) Division of Financial Assistance (Division) grant agreement process for the Proposition 1 Technical Assistance Funding Program. It is intended for use by the grantee's Project Director and other staff responsible for managing the project. This manual includes essential elements of an effective grant management process to properly administer your grant and correctly record, control and monitor funds received through the program. Appropriate staff should review the topics addressed in this manual and keep the manual handy for reference. This manual does not supersede or take the place of any provisions of your grant agreement (Agreement).

Grants administered by the State Water Board are funds made available and used for a public purpose. As such, the policies and procedures contained in this manual have been developed to ensure that you understand your obligations as a grantee and to prevent you from operating in a manner which could adversely affect the public's confidence in your project.

Division staff wants you and your project to be successful. This manual is one tool to assist you in reaching that goal. Please contact your designated Grant Manager or Program Analyst if you have any questions.

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I. BACKGROUND

Proposition 1 (Prop 1) or the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Assembly Bill 1471, Rendon) authorized \$7.545 billion in general obligation bonds for water projects, including surface and groundwater storage, ecosystem and watershed protection and restoration, and drinking water protection. Prop 1 requires the State Water Resources Control Board (State Water Board) to operate a multidisciplinary technical assistance (TA) program for small disadvantaged communities, and allows for the State Water Board to fund TA.

The Office of Sustainable Water Solutions (Office) was established on March 27, 2015, as a result of the Governor signing Assembly Bill 92. The Office is part of the State Water Board's Division of Financial Assistance (Division) and was created to promote permanent and sustainable solutions to help ensure effective and efficient provision of safe, affordable, and reliable drinking water and wastewater treatment services. The Office is focused on addressing both financial assistance and TA needs, with an emphasis on Small Disadvantaged Communities (Small DACs). The Office provides direct assistance to potential funding applicants, as well as contracting and coordinating with external TA providers.

Using primarily set-aside and administrative funds associated with the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF), the Office currently contracts with several non-profit TA providers to address a variety of needs, including assistance with funding applications, budgets, financial management, and rate setting, as well as compliance audits and troubleshooting to improve operations. This Prop 1 TA Funding Program is intended to expand upon these services and help address additional needs of Small DACs.

The State Water Board's Prop 1 TA Funding Plan, adopted on November 4, 2015, outlines the general process to administer Prop 1 TA funds. The Office is using a multidisciplinary approach, intended to address Small DACs drinking water, wastewater, groundwater quality, and storm water needs under one program. The most immediate priority of the program will be formulating solutions to address the critical needs of Small DACs that do not have safe, reliable, and affordable drinking water.

Grants are awarded to TA providers, such as non-profit and public universities, to help Small DACs develop, fund, and implement capital improvement projects. TA efforts will be focused on developing projects for the following Prop 1 Funding Programs: Drinking Water, Wastewater, Storm Water, and Groundwater Quality. The Division accepts requests for TA on a continuous basis. Such requests can be submitted by representatives from small communities or systems or staff from the Division, the State Water Board's Division of Drinking Water (DDW), Local Primacy Agencies (LPA), Regional Water Quality Control Boards, TA Providers, etc. The Division then refers eligible assistance requests (ARs) to an appropriate TA Provider. The TA Provider will determine what specific assistance it plans to provide for the AR and will submit a TA Work Plan with estimated deliverables and due dates for Division approval. Each approved TA Work Plan shall constitute an amendment to this Agreement, and must be signed and dated by the Deputy Director of the Division or designee and the Authorized Representative, Project Director, or designee to be effective. The grantee shall implement TA consistent with executed TA Work Plans, including timely submittal of deliverables within the approved TA Work Plan budget. If there are changes to the TA Work Plan scope or budget, approval of a TA Work Plan amendment will be required.

II. ROLES

The key players in the grant process work together as a team to: facilitate the smooth execution of the Agreement, ensure project goals and timelines are met, and enable reimbursements to be processed in a timely manner. The key players include the Project Director, Grant Contact, Grant Manager, and Program Analyst.

A. Role of the Project Director (PD)

The PD is an employee of the grantee designated by the Authorized Representative to act as PD (the Authorized Representative is the duly appointed representative of the Recipient as set forth in certified resolution or other similar document). The role of the PD is to:

- Ensure the grantee adheres to the terms of the Agreement, keeping the project on track, submitting deliverables in a timely manner, and performing overall management of the administrative and technical aspects of the Agreement.
- Sign various forms and/or templates. These documents must be signed by the PD unless the PD provides a delegation of signature authority to the Division assigning a designated individual to sign a specific document. The Grant Manager and Program Analyst must be notified in writing if there is a change of PD.

B. Role of the Grant Contact (GC)

The GC is an employee of the grantee. The role of the GC is to:

- Follow up on any actions in a timely manner.
- The PD may delegate work to the GC for the day-to-day activities of the grant project; however, the GC is not allowed to sign documents on behalf of the PD unless a delegation of signature authority is received from the PD. Should the GC change, the PD must provide written notification to the GM and PA, designating someone else for this role.

C. Role of the Grant Manager (GM)

The GM is an employee of the Division. The role of the GM is to:

- Provide technical oversight to ensure the project meets the requirements of the Program Funding Plan and is implemented in accordance with the Agreement.
- Follow up on any actions in a timely manner.
- Maintain the State Water Board's technical auditable file.
- Approve invoices in a timely manner.

D. Role of the Program Analyst (PA)

The PA is an employee of the Division. The role of the PA is to:

- Provide oversight to ensure the project meets administrative requirements.
- Process invoices in a timely manner.
- Maintain the State Water Board's administrative auditable file.

III. GRANT AGREEMENT EXECUTION PROCESS

A. Concept Proposal

Concept Proposals will be reviewed to determine the applicant's eligibility for the program, evaluate if the proposal adequately demonstrates the applicant's knowledge of and experience with providing related technical assistance (TA), and verify that the applicant has the capacity to successfully execute the proposed work on time and within budget. Division staff will confirm the proposed scope of work effectively addresses identified TA needs and priorities without duplicating efforts.

Division staff may either invite the applicant to submit a Full Proposal, work with the applicant to modify or improve the Concept Proposal, or notify the applicant that they will not be invited to submit a Full Proposal. The Division will post information on the Prop 1 [TA Funding Program Website](#) about which Concept Proposals have been invited to submit a Full Proposal and which Full Proposals have been approved for funding.

B. Full Proposal

Applicants invited to submit a Full Proposal will be assigned a GM to assist the applicant with the Full Proposal process. Grant funds for a TA Project will be committed based on timely submittal of complete Full Proposal materials and subsequent execution of the Agreement. No funds will be disbursed until there is a fully executed Agreement between the State Water Board and the grantee. The Agreement will indicate the eligible start date. Costs incurred after November 4, 2015, and prior to agreement execution, may be considered for reimbursement on a case-by-case basis. Approval of such costs must be specifically negotiated with the GM and established in the provisions of the executed Agreement. Any costs incurred prior to the Agreement execution are incurred at the applicant's own risk.

C. Executing Grant Agreement

The Agreement is a legal document that outlines the conditions the grantee must meet to receive funding for a project. Much of the Agreement is standardized language with most of the project specific information incorporated in the appendices. Sections of the Agreement include:

- Cover Sheet – Grant recipient, project name, funding source and amount, eligible start date, work completion date, final disbursement request date, and term end date.
- Agreement Body – Legal basis for Agreement, definitions, party contacts, grantee commitments, other standard terms, and approval signature blocks.
- Exhibit A. Scope of Work – Project specific work to be performed by the grantee.
- Exhibit B. Funding Provisions – Project specific and non-negotiable standard language regarding project funding.
- Exhibit C. Standard Terms and Conditions – Non-negotiable standard terms and conditions.
- Exhibit D. Special Conditions – Non-negotiable project specific requirements.

The PA will route the Agreement through staff for GM, legal, and management approval prior to sending to the grantee for review and approval. The PD shall sign and return two copies of the original signature pages for further processing. Once the PA receives the original signature pages, the Division will execute the Agreement. The PA will send an email notifying the PD and GM that the Agreement has been fully executed, and a hard copy of the executed Agreement will be sent to the PD via mail. The email will also include the Invoice Form and Instructions.

IV. SUBCONTRACTING

Part of the scope of work in the executed Agreement between the State Water Board and the grantee may include work on the project that is contracted or subcontracted out.

- The grantee must follow its organization's adopted resolution or policy for the competitive bidding, sole source, and contract award process.
- Subcontractors must also adhere to their organization's written policy for the competitive bidding, sole source, and contract award process.
- If an organization does not have a written policy to award contracts through a competitive bidding or sole source process, the grantee must comply with state contracting requirements.
- DGS State Contracting Manual – Vol. 1 is available on-line at <http://www.ols.dgs.ca.gov/ols/Resources/StateContractManual.aspx>.
- The Agreement between the State Water Board and the grantee may contain the following provisions pertaining to contracts and subcontracts:
 - The grantee and its contractors and subcontractor must comply with the general terms and conditions of the State Water Board Agreement, including:
 - Limits on overhead, indirect, and markup costs.
 - Travel per diem rates set by the California Department of Human Resources. These rates may be found under the Travel Reimbursements link at <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>

- Timelines in the Agreement, including submitting invoices in a timely manner with sufficient supporting documentation.
- Any contract or subcontract is between the grantee and the contractor/subcontractor; however, the grantee is expected to notify the GM of any contractor/subcontractor prior to award, and the State Water Board GM may request to review contracts or subcontracts. The parties, term, cost, scope, and deliverables of such contracts or subcontracts should be consistent with the approved scope of TA work. The grantee must also maintain documentation on the selection and award of contracts and subcontracts for its auditable file. See section XII for more information on documentation for audit purposes.

The grantee may not use a contractor or subcontractor that is on the federal or State Water Board lists of excluded contractors found here: www.epis.gov and http://www.waterboards.ca.gov/water_issues/programs/ustcf/dbp.shtml.

V. POST GRANT EXECUTION PROCESS

The PD is expected to do the following after the Agreement is executed:

- Keep the project on track per the timelines for deliverables, as set forth in the Agreement.
- Establish and maintain financial management controls and accounting procedures to track grant funds in conformance with applicable laws, rules, regulations, and State Water Board policies.
- Notify the GM of selection of any contractors or subcontractors.
- Notify the GM if a line item adjustment is needed.
- Keep the lines of communication open, and notify the GM of any delays or issues that may arise. The PD should discuss the need for a time extension with the GM as soon as delays are evident. Revision to the overall work completion date will require an amendment to the Agreement. Agreement extension requests must be submitted no later than 90-days prior to the work completion date identified in the Agreement.
- Prepare and submit invoices to the GM at least quarterly, and not more frequently than monthly, using the invoice template provided by the PA. Supporting documentation for all invoiced amounts must accompany each invoice. Invoice templates may not be changed by anyone other than the PA. Template changes may delay invoice processing.
- Submit all work plans, progress reports, invoices, deliverables, and any other required documents in a timely manner and in the required format to the GM.

VI. WORK PLANS

Communities needing technical assistance to apply for Prop 1 funding will submit a TA Request to the Division. The GM will periodically forward these requests to the PD or PD's designee. If

accepted, the TA Provider will work with the TA Recipient to more firmly establish the TA needs and develop a work plan, describing the scope of TA to be provided with a schedule and budget. A work plan template is provided in Appendix A. In many circumstances, and particularly for any drinking water TA needs, the GM will request the TA Provider setup a kick-off meeting with regulatory staff and other appropriate parties to discuss TA needs and help shape the scope of the TA Work Plan.

The TA Work Plan must be drafted by the TA Provider (in consultation with the TA Recipient and other relevant parties) then submitted to the GM (with a cc to all the kick-off meeting attendees, as applicable) within six weeks from the TA Start Date (date the request was assigned to the TA Provider), or from the kick-off meeting date (if one occurs), using a maximum of 40 hours of personnel time (which can ultimately be incorporated into the TA Work Plan budget). Additional time to complete the TA Work Plan may be granted upon request by the PD. Additional personnel time would be subject to Division approval of those costs as part of the approved TA Work Plan.

The PD may request to amend a TA Work Plan by emailing the amended version and the reason for the changes, to the GM. If the GM approves the amendment, the amended TA Work Plan ID should be used on all reporting and other documentation moving forward.

For certain agreements, it is anticipated that the TA approach will be nearly the same for each TA Recipient. In these circumstances, the GM and TA Provider may decide to approve a Default TA Work Plan. Once approved via the process outlined above, this Default TA Work Plan will be the assumed scope and budget for all TA Requests fulfilled under that agreement. If the GM and TA Provider agree that the circumstances encountered in a given community warrant a variance from the Default TA Work Plan, then a Specific TA Work Plan can be approved for that system or community, subject to approval via process outlined above.

VII. BUDGET ADJUSTMENTS

Per the Budget Line Item Flexibility clause in the Agreement, adjustments may be made between existing line items up to 15% of the total grant amount. The 15% is cumulative (including any adjustments made in prior amendments) and not per adjustment. Any adjustments exceeding 15% of the total grant amount will require a formal amendment. Deleting a line item in the budget or adding a new line item will also require a formal amendment.

Budget Adjustment Process

- The PD requests an electronic copy of the budget from the PA.
- The PD submits proposed changes to the budget (using tracked changes) to the GM for approval.
- The GM approves or denies the adjustment in writing (email or letter) and forwards it to the PD and PA. The PA reviews the request to verify the adjustment does not exceed the 15% limitation and does not include a deleted or new line item. If the adjustment is approved, the GM includes the effective date for the adjustment.

After a budget adjustment is approved, the PA sends the PD a new invoice template with the adjusted figures.

VIII. AMENDMENTS

The following will require a formal amendment:

- Changes to the line item budget,
- A time extension,
- Deviations, and
- Relevant changes in the law, rules, and/or regulations.

A. Changes to the Line Item Budget

The budget adjustment request process is in the previous section. A formal amendment is required for line item adjustments in excess of 15% of the total grant amount.

B. Time Extension

The Division expects projects to be completed on time and according to the schedule in the Agreement. However, a time extension may be necessary due to unforeseen delays or other mitigating factors that cause the project to fall behind schedule and prevent completion by the originally scheduled date. The PD should discuss the need for a time extension with the GM as soon as it becomes apparent there will be delays. A request to extend the overall work completion date in the Agreement must be submitted no later than 90 days prior to the work completion date identified in the Agreement, or it may be subject to refusal.

Time Extension Process

- The PD requests a Request for Time Extension form and an electronic copy of the Agreement from the PA. A sample of the Request for Time Extension form can be found in Appendix B.
- The PD completes the Request for Time Extension form and returns it to the GM.
- The GM will review and approve or deny the Request for Time Extension. If approved, the GM will submit the documentation to the PA.
- The PA will develop the draft Agreement amendment incorporating the changes. The Agreement amendment will go through the same approval/signature process as the original Agreement.

C. Deviations

Any deviation from the scope of work outlined in the executed Agreement requires approval from the State Water Board. The PD should notify the GM as soon as there are unforeseen obstacles or problems that affect the project and discuss the proposed changes with the GM prior to submitting a Deviation Request Form.

Deviation Process

- The PD requests a Deviation Request form and an electronic copy of the Agreement from the PA. A sample of the Deviation Request form is in Appendix C.
- The PD completes the form and returns it to the GM, along with the Agreement (marked using the strikethrough and underline tracking feature in Microsoft Word to show all proposed changes) and a cover letter to the State Water Board that includes:
 - A detailed justification for changes to the work set out in the executed Agreement,
 - How the project will fulfill the original intent of the grant proposal,
 - How the changes will enhance the project, and
 - Any decreases in requested funding if all of the work in the original proposal will not be completed.
- The GM will review and approve or deny the Deviation Request form.
 - If approved by the GM and the GM's senior, the GM will submit the documentation to the PA, who will forward it to management for review and approval or denial. Once management approval is received, the PA will develop the draft amendment incorporating the changes, and the amendment will go through the same approval/signature process as the original Agreement.
 - If the deviation request is denied, the PD will receive a memo from the State Water Board setting forth the reason(s) for the denial.

D. Any relevant changes in laws, rules, and/or regulations.

IX. INVOICE PROCESS

To comply with the 1986 Federal Tax Reform Act, grantees must certify that (1) costs claimed have been incurred and that these costs have been paid or will be paid within thirty days of receipt of the funds requested, (2) if the costs have not been paid within 30 days, funds remaining will be returned to the State Water Board, and (3) all prior funds received from the Prop 1 TA Program have been disbursed within 30 days of receipt or have been returned to the State Water Board.

A. Invoice Responsibilities

The grantee is responsible for implementing the project so the expenditure of public funds is made in accordance with the state and federal rules and regulations. The grantee must:

- Establish and maintain financial management controls and accounting procedures to track grant funds that have been used, in conformance with applicable laws, rules, and regulations.

- Provide adequate documentation to support the expenditure of funds in accordance with the provisions, program objectives, and applicable laws, rules, regulations, and State Water Board policy.
- Maintain auditable records that document the amounts and use of all grant funds for the project being funded, for the entire term of the project.

B. Invoice Template

Upon grant execution, the PA will send an electronic version of the Invoice Template, Grantee Labor Certification, and Invoice Detail to the grantee. Templates are available in Appendix D, E, and F. When submitting invoices:

- Number the invoices sequentially, and include the time period. Reflect costs from the specified invoicing period only.
- Salaries, wages, and expenses claimed should be based on actual costs incurred, and should not include a markup for profit.
- Using the Invoice Detail template, provide a breakdown of costs incurred for each TA Work Plan and a breakdown of direct costs incurred for Project Management and Administration (not specific to a given TA Work Plan). Project Management and Administration is expected to include work necessary for coordination and administration of the project and approved TA Work Plans, such as compiling invoices and reports, and coordinating with the GM. It should not include community needs assessment. Project Management and Administration costs may be subject to denial if deemed by the GM as excessive or inappropriate.
- Original signature of the PD (or a designee that has been delegated signature authority) is required for the Certification of Expenditures on the Grant Program Invoice (Appendix D).

C. Invoice Supporting Documentation

The supporting documentation provides the basis for maintaining auditable files by properly accounting for grant funds. Payment to grantees is made after the work is performed. Invoices must be submitted with supporting documentation for work performed during the invoicing period. The GM has the authority to request more detailed information to support items invoiced. If documentation is inadequate to determine whether an expense is eligible, the invoice will be disputed. In order for costs to be reimbursable, they must be directly related to the project. The following items are required to adequately document all invoices:

- Personnel. The actual costs of fringe benefits (costs such as paid leave, social security, health insurance, dental insurance, long-term disability insurance, workers compensation, retirement plan, payroll taxes, etc.) may be included in the hourly rate. To properly document direct personnel hours for grantee's personnel, a grantee shall use the Grantee Labor Certification form to list employee names, classifications, total project hours for the billing period, hourly billing rate, fringe, and

total amount billed. A sample of the form is in Appendix F. In order to prevent budget overruns, the grantee should track the number of hours in each classification. **Note: No costs for overtime pay or compensating time off will be permitted.**

- Expenses and Supplies. Individual invoices should be submitted as backup documentation. If the grantee is not going to directly allocate office expenses, those costs should be claimed as indirect costs.
- Equipment. If the grantee purchases any single piece of equipment that costs more than \$5,000, written justification for the purchase must be submitted, on grantee letterhead, to the State Water Board. The letter should discuss why the equipment should be purchased rather than leased (3 years) and explain how the equipment will be used once the project is completed.
- Travel. Grantees requesting reimbursement for eligible travel expenses associated with the project may only invoice the amount permissible under the State of California travel policy. The State travel policies and per diem amounts allowable for meals and lodging are available at <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>. Disbursement requests must contain supporting documentation such as: name/title of the traveler, dates traveled, travel purpose, to/from destinations, distance driven and rate of mileage, and receipts for hotels/airfare or other travel expenses. **Note: Out of state travel must be approved by the GM prior to the actual travel. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from the GM.**
- Professional/Consultant Services. Grantee must provide copies of invoices for all professional or consultant services, costs of which should be substantiated with rates and hours incurred on each task, and any additional supporting documentation.
- Indirect. Indirect costs are costs incurred for common or joint objectives that cannot be readily identified with a particular project (this includes costs that cannot be directly assigned relatively easily with a high degree of accuracy). Grantee may request reimbursement for indirect costs. Grantee should request reimbursement only for actual costs, not budgeted costs. Without approval from the Deputy Director for good cause, indirect costs shall not exceed 25% of the total grant agreement budget.

This may include the reasonable cost of items necessary for the implementation and management of the Project, such as: rent, utilities (gas electric, water, sewer trash, internet, etc.), janitorial services, reasonable maintenance and repairs, pest control, landscaping, equipment (workstation, fax machines, computers, printers, copiers, postage machines, servers, data storage), office supplies (paper clips, staples, paper, etc.), printing, shipping, shredding, postage, courier service, telephone, document storage, insurance (general liability, professional liability, workers compensation (if not already reflected as part of fringe), and support staff (such as procurement services, accounting, information technology, human resources, training and staff development).

Any costs ineligible for reimbursement through this grant program should be excluded prior to requesting reimbursement. Examples of ineligible costs include: patents or copyrights, bank fees or service charges, taxes, licenses, interest, existing

indebtedness, amortization, depreciation, losses, damages or settlements, fines or penalties, fees related to incorporation, costs related to establishment or reorganization, insurance deductibles, lobbying, legal defense or prosecution costs, litigation, advertising, contributions to other nonprofits or events, public relations, marketing, employee appreciation, scholarships or tuition fees, employee relocation, conference attendance, subscriptions or publication fees, membership dues, entertainment, meals (except eligible costs as part of approved travel expenses), refreshments, alcoholic beverages, decorations, childcare or stipends for meeting participants, profit or markup by the grantee, contractor or subcontractor markup fees (this refers to markup over and above the cost of business [which may include reasonable profit]), auto insurance (state mileage rates already include compensation for such costs), travel costs not consistent with State travel policies, miscellaneous costs, contingencies, other costs deemed by GM to be unreasonable, excessive, inappropriate or not related to the purposes of the grant.

The GM does not approve an individual grantee's methodology, or review backup documentation associated with the indirect costs claimed. However, prior to grant agreement execution, the grantee shall provide a short (2-5 pages) summary of the grantee's indirect methodology. The GM will review such summary, primarily for the purposes of helping the grantee identify any apparent ineligible cost items. It is the Grantee's responsibility to ensure consistency in the approach, to verify that ineligible costs are not claimed, and to maintain backup documentation and source documents to support indirect cost accounting. All such documentation must be available in the case of an audit. No costs invoiced as part of indirect costs should be included elsewhere as a direct cost. Fringe should be included in personnel.

D. Invoice Dispute Notification

The PD will receive notice via email and/or via an Invoice Dispute Notification (Appendix G) if there is a reason an invoice cannot be approved as submitted. The State Water Board strives to approve invoices for payment in a prompt manner (within 30 to 45 days). Receipt of an invoice dispute stops the "clock" for invoice approval, and the "clock" begins again when a corrected invoice is submitted to the GM. An Invoice Dispute Notification may be sent when any of the following occurs:

- Use of wrong invoice template. The invoice template will be provided by the PA and must be used to request reimbursement; any other version will be rejected.
- Overspent line item(s). Line item amounts can only be changed on the invoice template by the PA. Prior approval of the adjustment must be received from the GM, with an effective date and a copy of the written justification for the adjustment, before an invoice is processed. Any line item adjustments exceeding 15% of the total grant amount require a formal amendment.
- Insufficient documentation to support grant funds. Canceled checks, paid invoices, receipts, grantee labor certification, correspondence, etc., must accompany an invoice to justify all grant funds. Supporting invoice documentation should be labeled with the corresponding work item number (from Exhibit A – Project Specific Requirements).

- Incorrect calculations. Ensure the correct “Total Expenditures to Date” amount on the previous invoice is carried over to “Previous Expenditures to Date.”
- Inconsistent billing period.
- Non-compliance with the Agreement. This includes:
 - Invoicing for work that is inconsistent with the approved scope of work and TA Work Plans.
 - Invoicing for ineligible costs.
 - Non-compliance with reporting requirements, including timely submittal of work plans, progress reports, deliverables, and any other required documents in a timely manner and in the required format to the GM.
 - Invoicing for out of state travel not approved by the GM prior to the actual travel.
 - Invoicing for items after the Work Completion date has passed.
- Writing on the Grant Program Invoice form. The State Controller’s Office and Division Accounting Office require clean invoices with no extraneous writing. If corrections are needed, the Grant Program Invoice form may need to be resubmitted.

E. Quarterly Progress Reports

A quarterly progress reports template is included in Appendix H. Quarterly Progress Reports must be signed by the PD or the PD’s designee. If the applicant is not up-to-date on submittal of the progress reports, disbursements will not be made.

F. Retention

Approved invoices will be paid in full until the reimbursed amount reaches 90% of the total award amount. The State Water Board may retain an amount equal to ten percent (10%) of the grant amount specified in the Agreement until completion of the Project to the reasonable satisfaction of the State Water Board. Any retained amounts due to the grantee will be promptly disbursed to the grantee, without interest, upon completion of the Project.

G. Project Completion

Upon completion of the project, the PD will submit a final invoice to the GM for approval. The Agreement will establish a deadline for submittal of the final disbursement request. The complete final disbursement request must be received by the Division in a timely manner. The GM will forward the invoice to the PA for processing. Any unspent funds will be disencumbered and unavailable for further use. If the Division has not received the complete final disbursement request and prior approval has not been granted to submit the final disbursement request at a later time, the Division may deobligate the undisbursed balance in the Agreement.

X. BREACH OF AGREEMENT

By entering into an Agreement with the State Water Board, the grantee is legally obligated to meet all requirements of the Agreement, including ensuring that the project remains within the negotiated budget and timelines. Exhibit A of the Agreement will specify due dates for work items and a date by which all work must be completed and invoiced. TA Work Plans will also specify due dates for work items. When a project falls behind schedule, the grantee is in breach of the Agreement, which could jeopardize project funding.

If the grantee's project has an existing documented pattern of not meeting project timelines, including invoice submittal, the GM or State Water Board may initiate a process to notify the grantee of breach of agreement. Such notification will identify steps necessary to bring the project back into compliance. Failure to resolve outstanding issues may result in the State Water Board terminating the Agreement, and the grantee may have to repay all of the grant funds. Therefore, it is imperative that the lines of communication be kept open between the PD and the GM, and the project be kept on track per the timelines for deliverables and invoices as set forth in the Agreement.

XI. GRANT AGREEMENT CLOSE-OUT

The grantee shall adhere to the following steps upon completion of the project:

- Ensure all deliverables and the GM-approved Final Project Report are uploaded to the State Water Board's Financial Assistance Application Submittal Tool (FAAST) system. A Final Project Summary Outline is provided in Appendix I.
- Submit a final invoice for the project.

Close the Project file and maintain separate books, records, and other material relative to the Project. The grantee shall also be required to retain such books, records, and other material for itself and for each contractor or subcontractor who performed work on the Project for a minimum of thirty-six (36) years after Project Completion

XII. AUDIT DOCUMENTATION

Below is a summary of the documents that should be retained by the grantee, in the event the grant is audited. Records pertaining to each funded project should be retained for a minimum of 36 years after work completion date specified in the Agreement.

Internal Controls

- Organization charts (company-wide and project specific organization charts)
- Written policies, procedures, controls, and/or flowcharts regarding the following and demonstrating appropriate segregation of duties to prevent one individual from processing an entire financial transaction:

- Handling of receipts, deposits, disbursements, and invoice preparation for grant reimbursement
- Tracking of project expenditures to ensure adherence to the project budget
- Internal approval process for all financial transactions
- Identifying, tracking, and properly allocating personnel, travel, special equipment purchase/rental, and consultant fees billed to the project
- Ensuring fair and competitive contracting, including verification that no suspended or debarred contractors are used
- Conflict of interest policy

Audit Reports

- Reports for any audits of the grantee's financial statements, operations, and internal control procedures, conducted in the last three (3) years
- Prior audit reports on grant funded programs/projects

Grant Agreements

- Copy of the original Agreement between the grantee and the State Water Board and any subsequent amendments
- Copies of all approved TA work plans and any subsequent amendments
- Copies of all consultant contracts and related documents, including selection of consultants and award of contracts.

Invoices

- Invoices from the grantee to the State Water Board for payments under the Agreement.
- Invoices from consultants to the grantee for project costs
- Claims for travel costs charged to the grant, with supporting documentation
- Backup documentation and source documents to support methodologies used for allocating indirect costs, which should generally be consistently applied for all grants/contracts

Receipts and Disbursement Documents

- Receipts showing grant payments received from the State Water Board
- Deposit slips and bank statements showing deposit of payments received from the State Water Board and any interest earned thereon

- Ledgers or registers showing grant payments and cash disbursement entries
- Canceled checks or other disbursement documents supporting payments to vendors, consultants, and agents under the grant

Personnel

- List of all grantee and consultant personnel who worked on the project
- Payroll records for grantee and consultant personnel who provided services under the grant, including fringe benefit calculations, etc.
- Timesheets showing individual's total time incurred for the month for all projects and clearly indicating what portion of their time was dedicated to this project

Project Files

- All supporting documentation
- All grant related correspondence (emails, letters, etc.)
- Auditable file for the period specified in the Agreement.

XIII. GLOSSARY OF TERMS

Agreement	A legally binding document between the State of California and another entity where services are rendered. This term refers to both contract agreements and grant agreements.
Amendment	A formal change to an executed Agreement, such as the term dates, scope of work, due dates, or line item budget figures.
Budget Line Item Flexibility	Adjustments between existing line items in the Line Item Budget up to 15% of the total grant amount (excluding match). The 15% is cumulative (including any adjustments made in prior amendments) and not per modification. Adjustments in excess of 15% will require a formal amendment.
Deviation	Any change in the proposed scope of work prior to Agreement execution or after Agreement execution, requires written approval from the State Water Board.
Division of Financial Assistance (Division)	The division within the State Water Board that administers the Proposition 1 Technical Assistance (TA) Funding Program.
Eligible Start Date	No costs incurred prior to this date will be reimbursed, unless a special exception is approved.

Financial Assistance Application Submittal Tool (FAAST)	An online system that expedites and simplifies the submittal and review process for loan and grant applications.
General Terms & Conditions	The terms and conditions that apply to all State Water Board grant agreements.
Grant Manager (GM)	A person designated by the State Water Board to manage performance of the Agreement.
Invoice	The State Water Board provides a Grant Invoice Template to the grantee in order to request reimbursement for project costs. Receipts and/or other supporting documentation must be submitted with the invoice to justify the amount invoiced.
Program Analyst (PA)	A person designated by the State Water Board who is responsible for the administrative aspects of the Agreement.
Progress Report	Describes the work performed on the project during the reporting period set out in the Agreement. Any item for submittal that is due during the reporting period is attached to the Progress Report (e.g. reports, permits, etc.).
Project Director (PD)	An employee designated by the grantee's organization who is responsible for management of the technical and administrative aspects of the Agreement.
Record Retention (for audit purposes)	The Internal Revenue Service can audit bond monies for up to six years after the bond expires. Therefore, records for audit purposes must be kept for 36 years.
Resolution	A legal document authorizing the grantee to enter into an Agreement with the State Water Board and designating a representative, by title, to sign the Agreement and any amendments thereto, for a specific project from the State Water Board.
Small Disadvantaged Community (Small DAC)	Generally means a community with a population less than 10,000 and a Median Household Income (MHI) less than 80 percent of the statewide MHI. This includes communities served by public water systems, state small water systems, private wells, onsite wastewater systems, or some combination thereof. The Division may determine community boundaries based upon existing sewer or water system service areas, census geographies, project boundaries, or other basis, as appropriate. If a disadvantaged community (MHI less than 80 percent of statewide MHI) with a population larger than 10,000 has a demonstrated TA need consistent with the priorities of this program, the Division may make an exception to include them as eligible for TA.